

Message Text

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67

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 SAL-01 AID-20 PC-04 DRC-01 EB-11

COME-00 INT-08 SCEM-02 TRSE-00 /178 W

----- 083145

P R 091916Z NOV 73

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC PRIORITY 9027

INFO PANCANAL CZ

USCINCSO CZ

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E.O. 11652: N/A

TAGS: PFOR, ENRG, PN, PQ

SUBJECT: GOP REQUEST TO STORE AND PROCESS EQUIPMENT WITHIN
CANAL ZONE

REF: STATE 206914 AND PANAMA 5528

SUMMARY: EMBASSY/PANCANAL HAVE SERIOUS RESERVATIONS
CONCERNING THE LANGUAGE CONTAINED IN SENTENCES THREE
AND FOUR OF THE DEPARTMENT'S DRAFT NOTE. SUGGESTED
REVISED TEXT IS CONTAINED IN PARA (1) BELOW. ACTION
REQUIRED: EMBASSY REQUESTS DEPARTMENT'S APPROVAL OF
SUGGESTED CHANGES.

1. FOR REASONS SET OUT IN PARAGRAPHS 2 AND 3 BELOW,
EMBASSY SUGGESTS THE FOLLOWING TEXT IN LIEU OF THIRD
AND FOURTH SENTENCES OF THE DEPARTMENT'S PROPOSED NOTE
ON SUBJECT OF PANAMA 5528. BEGIN QUOTE: ACCORDINGLY,
UPON APPLICATION BY EL PASO PANAMA COMPANY, APPROPRIATE
DOCUMENTATION WILL BE ISSUED PROMPTLY TO THE COMPANY TO
ENABLE IT TO PERFORM MORE EFFICIENTLY ITS WORK OF
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PETROLEUM EXPLORATION UNDERTAKEN FOR THE GOVERNMENT OF

PANAMA. THE COMPANY AND ITS PERSONNEL WILL BE SUBJECT TO THE LAW AND REGULATIONS APPLICABLE IN THE CANAL ZONE UNDER EXISTING TREATIES. MY GOVERNMENT ALSO WISHES TO ADVISE THAT CANAL ZONE AUTHORITIES DO NOT INTEND TO MAKE HOUSING ACCOMMODATIONS AVAILABLE TO EMPLOYEES OF EL PASO PANAMA; THEREFORE, SUCH PERSONS WILL NOT BE ENTITLED TO MAKE PURCHASES OR TO ENJOY RELATED PRIVILEGES THAT ARE BASED UPON RESIDENCE IN THE CANAL ZONE. END QUOTE.

2. CZG OBSERVES (AND EMBASSY CONCURS) THAT THE THIRD SENTENCE OF THE DEPARTMENT'S PROPOSED NOTE SEEMS TO REVERSE THE OBLIGATION AND MAKES IT APPEAR THAT THE BURDEN OF COMPLIANCE WITH "RULES AND PROCEDURES" WOULD REST ON THE LICENSOR RATHER THAN ON EL PASO. IT IS CZG POSITION THAT EXPLICIT REFERENCE TO CANAL ZONE LAW AND REGULATIONS IS ESSENTIAL TO COUNTER CONDITION STATED IN GOP NOTE TO THE EFFECT THAT PANAMA LAW MUST APPLY.

3. THE SUGGESTED REVISION OF FOURTH SENTENCE OF DEPARTMENT'S PROPOSED NOTE WOULD AVOID IMPLICATION THAT GOP CAN IMPOSE CONDITIONS ON PRIVATE ACTIVITY IN CANAL ZONE. EMBASSY'S REVISED TEXT IS PREMISED ON DENIAL OF HOUSING ACCOMMODATIONS BY CZG AS DISCRETIONARY ACT, WITH THE RESULT THAT ENTITLEMENT TO RELATED PRIVILEGES DOES NOT EXIST.

4. WITH CHANGES NOTED IN PARAGRAPH (1) ABOVE, EMBASSY/PANCANAL AGREE WITH TEXT OF DEPARTMENT'S NOTE AND WITH DEPARTMENT'S CONCURRENCE WILL DELIVER SAME.
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